



Transaction Advisors Handbook

Policies, Procedures, & Best Practices

Transaction Advisors Handbook

Table of Contents

TOPIC	PAGE
1. Executive Summary	3
2. Scope of Work	4
2.1 Background	4
2.2 Host Country Power Sector	4
2.3 Key Functions	4
2.4 Enabling Environment Improvements	5
3. Policies & Procedures	7
3 A Executive Summary	7
3 B Policies & Procedures	10
3.1 Independence of Advice	10
3.2 USG Policies	10
3.3 Public Comments & Statements	10
3.4 Travel	11
3.5 Meetings	12
3.6 Gifts & Entertainment	13
3.7 Confidentiality Agreements	16
3.8 Weekly Reports	17
3.9 Performance Metrics	17
4. Transaction & Activity Definitions	18
5. Upgrading & Downgrading USG PA Transactions & Partner PA Transactions	22
Annexes	25
1 Form of Travel Authorization	
2 Form of Trip Report	
3 Personal Vehicles Policy	
4 Form of Confidentiality Agreement	
5 Weekly Report Template	
6 Classifying Transactions by 4 Stages of Development	
7 Qualified Transactions Assistance Tool (QTAT)	
8 Potential Interventions	
8.1 Power Projects	
8.2 Capacity Building	
8.3 Mitigating Project Risk	
8.4 Credit Enhancement	
8.5 Financing Power Projects	

1. Executive Summary

The US Government's (USG) Power Africa program (Power Africa) seeks to shift the typical development paradigm to a **Transaction-centered approach** that provides host-country governments, the private sector, and donors with a focal point to galvanize collaboration around priority electricity generation, transmission, and distribution Transactions --with a focus on those that involve **private sector participation and finance**--helping to bring them to **Financial Close** and **Online** in an expedited time frame. Transactions generally are **catalytic** or **highly replicable**--they could lead to establishing best practices, frameworks, and reforms that would help in realization of more of such Transactions in the country or region. While Power Africa's primary objective is to advance private sector participation and investment in the power sector, **public sector** Transactions may also be considered for Power Africa support if they (i) demonstrate technical, financial, and commercial viability, (ii) have a strong development impact, and/or (iii) contribute to the sector's development thereby paving the way for greater private engagement in the future.

To implement Power Africa, the USG has selected USAID to coordinate the USG's Power Africa activities. In turn USAID has retained Tetra Tech, Nexant, BDO, and other consulting companies (Contractor) as its Power Africa implementing partner. Pursuant to its contract with USAID, the Contractor is required to identify Transaction Advisors to assist the USG implement Power Africa's transaction-centered approach. The purpose of this Handbook is to articulate certain policies, procedures, and best practices all Transaction Advisors should follow in performing their work.

Topics in this Handbook include--

- A common Scope of Work for Transaction Advisors
- Policies and procedures for Transaction Advisors, including independence of advice, USG policies, public comments and statements, travel, meetings, gifts and entertainment, confidentiality agreements, weekly reporting, and annual performance metrics
- How Transactions should be upgraded or downgraded using the Qualified Transactions Assistance Tool (QTAT)
- Examples of potential USG support for Transactions
- Potential USG interventions to help unblock obstacles to private investment in the power sector, including direct interventions to assist specific power projects, capacity building for host governments, techniques to mitigate project risk, credit enhancement techniques, and a discussion how power projects typically attract finance

The 8 Annexes to this Handbook include memos and templates covering the items mentioned above.

This Handbook is not meant to be static--rather it is a flexible, living document that reflects changing priorities, policies, procedures, and best practices--so it is expected to be updated from time to time as needed.

2. Scope of Work

2.1. Background

The Senior Transaction Advisor--

- Coordinates and oversees the efforts of all Transaction Advisors
- Monitors progress being made by the Transaction Advisors and areas where additional support and USG engagement is needed
- Interacts with USAID and USG officials to ensure that the Transaction Advisors are well integrated and are meeting their established objectives and goals
- Serves as a technical resource and senior advisor to the Transaction Advisors as well as to the Power Africa Coordinator's office as needed

Transaction Advisors--

- Advance Power Africa priority transactions by tracking key actions, engaging with transaction stakeholders, and recommending specific technical assistance to either remove obstacles or to expedite the transactions to financial close
- Accelerate project development, provide independent advice on key transaction issues to host governments as requested, and build the capacity of key ministries

Following are the key functions of a Transaction Advisor--

- Work with USAID to implement priority project assistance
- Pipeline development for consideration by investors / lenders and the Power Africa Working Group (PAWG)
- Work with host country governments to fast track project approval / implementation and reforms
- Coordinate closely with other U.S. Government (USG) agencies and entities such as OPIC, US Ex-Im Bank, USTDA, and the US-African Clean Energy Development & Finance Center

2.2 Host Country Power Sector

- Become and remain completely knowledgeable about the host country's power sector, and gas sector to the extent it can provide fuel for the power sector
- Update and keep current, at least on a quarterly basis, the host country's Power Sector Assessment Report (attached to the Power Africa RFP), particularly the country's political situation and the maturity of its private sector enabling environment
- Update and keep current, at least on a monthly basis, a Table of Current & Active Power Projects, both state and privately sponsored / owned
- Update and keep current, at least on a monthly basis, a Table of Proposed Power Projects, both state and privately sponsored / owned, and each project's maturity status

2.3. Key Functions

Transaction Selection / Pipeline Development

- Act as both originator and driver of priority projects under the Power Africa initiative to deliver results
- Coordinate closely with other USG agencies and entities, such as the US-African Clean Energy Development and Finance Center, OPIC, US Ex-Im Bank, MCC, US State Department, and USTDA. Develop an understanding of the available USG mechanisms and funding constraints, and develop a relationship with a key person from each agency in Washington, DC
- Assist Power Africa to analyze the universe of potential transactions to select those that may be assisted in achieving financial closure, and present recommendations to USAID for prioritization among the selected transactions. Recommend which projects should be

upgraded to and downgraded from the Power Africa Transactions Tool (PATT) in accordance with agreed methodologies. Work only on transactions that are USG Power Africa Transactions or Partner Qualified Transactions, except to the extent a potential transaction could be a Qualified Transaction

- Review and prepare an analysis of promising private sector driven, high-impact energy projects and carry out preliminary due diligence (e.g., project merit, competence of project developers, risk factors, etc.). This will include identifying available funding sources and potential for USG assistance
- Maintain close relationships with important private sector and government actors, including project developers, regulatory bodies, commercial banks, investment funds, pension funds, and other donors

Transaction Advisory Services & Capacity Building

- Assist in the implementation of new IPP frameworks, and develop strategies that address capacity shortcomings and thus contribute to accelerated implementation of the IPP framework and adoption of policy reforms and project implementation
- Assist in accelerating closing on priority transactions by providing independent advice to host government decision makers as needed to achieve project milestones
- Provide technical assistance on prioritizing projects and preparing standardized transaction documents for energy projects
- Provide guidance, expertise, and direction to host ministry and/or applicable ministries on adoption of reforms necessary to increase private sector investment. (See Section 4 below)
- Promote due attention to issues concerning environment, social soundness, clean energy, climate change, gender and energy, poverty and energy, and the like
- Liaise with other Power Africa implementing partners, in particular those involved in providing advisory services

Monitoring & Progress Reporting

- Develop accountability and monitoring mechanisms for tracking progress of Power Africa goals/objectives
- Identify and track key milestones required to complete transactions, and recommend courses of action for expediting transactions
- Prepare and maintain the country / region budget, and track actual revenues and expenses vs budgeted revenues and expenses
- Prepare all reports required by USAID , including Annual Work Plans, Bi Weekly, Monthly, and Quarterly Progress Reports, Quarterly Financial Reports, Institutional Strengthening Reports, environmental compliance reporting, and compliance with the agreed Performance Management Plan (PMP), in formats required by USAID
- Prepare all reports required by the Senior Transaction Advisor, including Weekly Progress Reports and Travel Reports, in formats prescribed by the Senior Transaction Advisor
- Conduct regular reporting and check-ins with the host country government and USAID parties
- Liaise on a regular basis with the USAID and members of the USG PAWG in country

2.4. Enabling Environment Improvements

- Review all key existing and proposed host government power sector policies, regulations, laws, and investments framework to become familiar with the existing regulatory framework governing private and public power sector investments. Documents to be reviewed should include any national power policy documents that will allow the Transaction Advisor to develop an in-depth understanding of the key issues faced by project developers and banks developing and financing projects in the power sector in the host country. He/she should also review previous work completed by various international agencies (USAID, USTDA, OPIC, U.S.

Ex-Im Bank, AfDB, IFC, World Bank, and others), including financial institutions and host country and international credit agencies, to develop an understanding of what changes should be made to key laws, regulations, policies, etc. that might prevent a project from reaching financial close

- Prepare a summary 4-6 page White Paper of the host government's power sector reforms necessary for projects to reach financial close. The White Paper should summarize the Transaction Advisor's understanding of the host country's power sector, key barriers to investment in privately-sponsored power projects, and make recommendations on key policy, regulatory, legal, and investment modifications that may be necessary, without which it would not be possible to raise counterpart financing for a project. The set of reforms to be identified should be ones that can be implemented in minimal time and effort and result in timely financial closure of power projects in accordance with Power Africa's goals
- The Transaction Advisor will assist other Power Africa STTAs involved in the reform process to assist in implementing necessary reforms

3. Policies & Procedures

3A Executive Summary

Introduction

The key to Power Africa's success in its pursuit of its ambitious goal of doubling access to electricity in sub-Saharan Africa is having experienced "boots on the ground" to identify obstacles to energy deals and then offering solutions. Those who have "boots on the ground" are Power Africa Advisors. Referred to generally as "Transaction Advisors," they play a variety of roles based on the particular circumstances in the host country. Initially, Power Africa envisioned its Transaction Advisors as playing an investment banker type of role, digging into a deal and offering objective advice to deals in order to get them across the finish line. In many cases, though, some Power Africa teams within different countries concluded that Power Africa Advisors could be more effective if embedded within government ministries--in those cases, the host governments look to their advisors to shed their objectivity and offer independent advice that might be in the best interests of the host government. And in other cases, Power Africa has hired advisors who specialize in particular technical sectors (e.g., natural gas or geothermal, etc).

Our Power Africa Advisors are held to the very highest standards of professional and ethical conduct. The purpose of this memorandum is to describe our policies and procedures for Power Africa Advisors while performing official business. Power Africa Advisors are expected not only to know and understand these policies and procedures, but also to know what issues require additional consultation and approval (e. g., "trip wires"), either from the local Mission they support, the Contractor's Ethics Compliance Officer, or the Power Africa Coordinator's Office itself. Nine topics are covered in this memorandum.

Independence of Advice

- **Transaction Advisors** should attempt to maintain neutrality and not "represent" or state they are "representing" the interests of any of the 3 primary transaction stakeholders--host governments, project developers, or banks. Any deviation from this policy must be approved in advance by the Coordinator's Office. The Contracting Officer's Representative (COR) may not approve a deviation from this policy without the consent of the Coordinator or his designee.
- **Government Advisors** may be asked to represent the interest of the host government and maintain certain confidences. Maintaining confidences is critical to building a strong relationship with a host government. Government Advisors must work closely with the U.S. Embassy where located and with the host government to set clear guidelines regarding what is acceptable and not acceptable with respect to sharing of information. This proposed scope of engagement and the accompanying guidelines for engagement must be approved by the Power Africa Coordinator's Office. Power Africa acknowledges that sometimes the U.S. government may have to surrender "access to information" to build the types of relationships and rapport with host government officials that will allow Power Africa to reach its overarching goals.
- **Sector Advisors** are brought on board for their specific technical expertise. Along with such expertise often come strong opinions. It is essential that Sector Advisors closely coordinate policy advice being provided with the Power Africa team to try to avoid situations where such advice might conflict with USG policy (or with the policy preferences of a particular U.S. government agency). To the extent that a Sector Advisor's advice gives rise to a policy conflict, the issue will be raised to the interagency Power Africa Working Group's Policy sub-group for further discussion.

USG Policies

- Specific Policy Opinions—Power Africa Advisors should refrain from offering specific policy opinions where there likely are differences of opinion among U.S. Government Agencies unless given clear guidance from the Power Africa team at Post and from the Coordinator's Office to proceed in rendering those opinions. Examples of topics where there may not be uniformity of opinion among US Government officials might include whether a partner government should offer a sovereign guarantee on a particular project, whether the partner government should accept unsolicited proposals, or whether a host government should accept a particular legal clause in an agreement. This list is not exhaustive. Rather, it is expected that Power Africa Advisors will use good judgment in flagging issues that could give rise to significant differences of opinion and will seek input from the Power Africa team at Post and from the Coordinator's Office before rendering such advice.
- Competitive Bidding & Procurement--Power Africa generally supports open, transparent and--to the extent feasible--competitive transaction processes. Power Africa Advisors may deviate from this policy with the consent of the Coordinator's Office. The Contracting Officer's Representative (COR) may not approve a deviation from this policy without the consent of the Coordinator or his designee.

Public Comments & Statements

- Generally Power Africa Advisors should defer to the Mission he/she supports regarding the making of public statements regarding Power Africa. Tetra Tech's/Nexant's basic policy is to "just say no" to such media requests. Power Africa Advisors must submit any proposed comments or statements for consideration and review and receive the required clearance from communications personnel at the Mission he/she supports and with the Coordinator's Office before making any such comments or statements.

Travel

- Travel Authorization & Country Clearance--Travel authorization and country clearance is required for each proposed international trip--both overseas and within Africa--by Power Africa Advisors on Power Africa business. The request is required for each country of visit and must specify the purpose of travel, the authorized points of departure and final destination, and expenses each traveler is authorized to incur. If at all possible, the request for travel authorization and country clearance should be submitted at least 3 weeks prior to the travel date. Power Africa Advisors also should seek the consent of the Power Africa personnel at the Mission he/she supports before departing.
- Per Diems--Note that incurred expenses for lodging and meals must not exceed the authorized per diem amounts as published from time to time by the U.S. State Department.
- Trip Reports--Power Africa Advisors are required to submit Trip Reports to the Senior Power Africa Advisor and Chief of Party within 5 business days of completing a trip.
- Personal Vehicles Policy--We have established several general principles regarding the use of project and personal vehicles that will allow flexibility to adapt to local conditions.

Meetings

- Whether meeting with USAID officials, other USG officials, host government officials, other donor agencies, or project developers, banks, and other private interests, Power Africa Advisors may do so but only with advance notice to and consent of the USAID Mission they advise.
- Unless a particular post provides guidance to the contrary, for **Government Advisors**, Power Africa and post consents to these advisors having unscheduled meetings with host government officials given the very nature of the relationship of being embedded within the

host government. Power Africa recognizes that the higher level of access a Government Advisor has, the more likely the advisor will be able to advance reforms and projects.

Gifts & Entertainment

- Power Africa Advisors are generally prohibited from giving or receiving gifts or paying for or receiving entertainment or travel to or from anyone. Subject to certain modest dollar limits, the Contractor's Ethics Compliance Officer must be consulted when planning to make or receive any gifts or provide or receive entertainment to anyone outside of these modest allowances.

Confidentiality Agreements

- Power Africa Advisors are sometimes asked by project developers and other third parties to sign confidentiality agreements before they can receive confidential information from these parties. We do, however, need to be certain that any confidentiality agreement allows our Power Africa Advisors to share such information as necessary with the U.S. government (*e.g.*, USAID). We have developed a standard form confidentiality agreement that our Power Africa Advisors must use, and if the third party disclosing such information requires us to use its own form of confidentiality agreement, the Power Africa Advisor must submit it to Tetra Tech's or Nexant's legal department for review prior to signing it to verify that this appropriate US government sharing language is contained in it.

Weekly Reports

- Power Africa Advisors are required to submit Weekly Reports to the Senior Power Africa Advisor by the close of business each Friday.

Performance Metrics

- Each Power Africa Advisor must develop annual performance metrics covering the progress being made toward achieving Power Africa's overarching goals, *i.e.*, the MWs to be generated, transmitted, or distributed, level of financing leveraged, number of connections established, expected date for financial close, etc.

3 B Policies & Procedures

1.1 Independence of Advice

Transaction Advisors should attempt to maintain neutrality and not “represent” or state they are “representing” the interests of any of the 3 primary transaction stakeholders--host governments, project developers, or banks. Transaction Advisors can provide transaction support to any of these 3 stakeholders so long as it is clear to that stakeholder that the Transaction Advisor is merely offering advice, not actual representation of, that stakeholder. For example, in the negotiating of a PPA with a project developer, the Transaction Advisor may recommend certain positions that the host government may want to take in those negotiations, but the Transaction Advisor must make it clear to the host government that the ultimate decision to take or not to take such position is solely within the purview of the host government. Any deviation from the policy must be approved in advance by the Coordinator’s Office. The Contracting Officer’s Representative (COR) may not approve a deviation from this policy without the consent of the Coordinator or his designee.

1.2 USG Policies

Specific Policy Opinions--Transaction Advisors should refrain from offering specific policy opinions where there likely are differences of opinion among U.S. Government Agencies unless given clear guidance from the Power Africa team at Post and from the Coordinator’s Office to proceed in rendering those opinions. Examples of topics where there may not be uniformity of opinion among US Government officials might include whether a partner government should offer a sovereign guarantee on a particular project, whether the partner government should accept unsolicited proposals, or whether a host government should accept a particular legal clause in an agreement. This list is not exhaustive. Rather, it is expected that Transaction Advisors will use good judgment in flagging issues that could give rise to significant differences of opinion and will seek input from the Power Africa team at Post and from the Coordinator’s Office before rendering such advice.

Competitive Bidding & Procurement

Power Africa generally supports open, transparent and--to the extent feasible--competitive transaction processes. When practical, competitive procurements (whether in new power procurement or in equipment purchases) in the power sector generally result in better value for the power purchaser in the form of timely project execution, lower costs and prices, and greater efficiency in plant operation. The benefits of relying on competitive bidding include low prices for power and increased transparency that bolster the sustainability of projects. In fact, countries that have been successful in creating highly competitive bidding processes have achieved tariff prices among the lowest in the world. The introduction of new skills, know-how, technologies, and capital into the power industry will help enable the benchmarking of performance and pricing via the financial, administrative, and operational experience and accountability of private sector transactions. Access to new technology and skills adds competition in the service value chain and facilitates innovations to reduce costs and/or enhance efficiencies. Transaction Advisors may deviate from this policy with the consent of the Coordinator’s office. The Contracting Officer’s Representative (COR) may not approve a deviation from this policy without the consent of the Coordinator or his designee.

1.3 Public Comments & Statements

Generally Transaction Advisors should defer to the Mission he/she supports regarding the making of public statements regarding Power Africa. Tetra Tech/Nexant’s basic policy is to “just say no” to such media requests. As a Transaction Advisor, however, you may find yourself in certain situations where you have been asked to grant interviews or make public statements that have the potential of giving the appearance of representing Power Africa’s viewpoints, either directly or by virtue of the fact that such statements are attributed to a particular Transaction Advisor. Without the benefit of a

review procedure, such expressions of opinion could potentially conflict with Power Africa's policy or statements made by other Power Africa personnel, or could result in a violation of Power Africa's obligations under confidentiality agreements.

Situations may also arise where, by virtue of Power Africa's operations, you are called upon to make statements or express opinions that may affect USG partner interests or that may be considered reflective of a particular USG partner's viewpoint. To minimize the possibility of public statements being in conflict with Power Africa's policy, being contradictory or causing embarrassment that may reflect upon Power Africa, you may not make the following types of public comments or statements, which are represented—or may be construed—as Power Africa's or a partner's viewpoints, unless and until you have submitted the proposed comments or statements for consideration and review and received the required clearance from Power Africa's communications personnel at the Mission he/she supports and with the Coordinator's Office before making any such comments or statements.

The types of public comments requiring a Transaction Advisor to receive prior clearance from the Mission he/she supports and with the Coordinator's Office include--

- On-the-record or off-the-record interviews a Transaction Advisor may conduct with the press or news media in any country concerning Power Africa's operations and plans, projects, services, or partners
- On-the-record or off-the-record interviews a Transaction Advisor may conduct with the press or news media in any country where the Transaction Advisor is acting (or perceived as acting) in the capacity of a Power Africa representative
- Press releases a Transaction Advisor proposes to issue concerning Power Africa's operations and plans, projects, proprietary products, services, or partners. (Please note—a Transaction Advisor is encouraged to prepare drafts or suggest topics for press releases--however, all Power Africa press releases are issued solely by the appropriate communications personnel on behalf of Power Africa)
- Any public statement requires a Transaction Advisor to ask for prior review by—and clearance from— Power Africa
- Oral or written testimony you present as a Transaction Advisor before U.S. federal, state, or local legislative agencies or the legislative agencies of other countries
- Oral or written testimony a Transaction Advisor presents before U.S. federal, state, or local regulatory agencies or the regulatory agencies of other countries, with the exception of strictly technical presentations in permit, licensing, and other technical hearings, or otherwise required by a court of law
- Statements you make as a Transaction Advisor regarding candidates for public office, proposed or enacted laws, statutes, ordinances, or the policies or practices of any government or political party
- Formal presentations a Transaction Advisor may deliver before professional or trade associations, or commercial conferences on the energy sector, whether about Power Africa or otherwise, regarding industry practices or standards where such views may be publicly reported by the association or by the news media
- Letters to any publications or news media identifying you as a Transaction Advisor

1.4 Travel

Travel Authorization & Country Clearance

- Travel authorization is required for each proposed international trip--both overseas and within Africa--by Transaction Advisors on Power Africa business. The request must specify the purpose of travel, the authorized points of departure and final destination, and expenses each traveler is authorized to incur. Country clearance also is required for each travel by Transaction Advisors on Power Africa business, and must be submitted separately for each

country of visit. If at all possible, the request for travel authorization and country clearance should be submitted at least 3 weeks prior to the travel date. Transaction Advisors also should seek the consent of the Power Africa personnel at the Mission he/she supports before departing. Our form of travel authorization and country clearance is attached as **Annex 1**.

Per Diems

- Note that incurred expenses for lodging and meals must not exceed the authorized per diem amounts as published from time to time by the U.S. State Department. See http://aoprals.state.gov/web920/per_diem.asp

Trip Reports

- Transaction Advisors are required to submit Trip Reports to the Senior Transaction Advisor and Chief of Party within 5 business days of completing a trip. **Annex 2** contains our Trip Report Template.

Personal Vehicles Policy

We have established several general principles that will allow flexibility to adapt to local conditions. The intent is to meet the needs of Power Africa in a cost-effective way in a manner that is equitable to all team members of similar standing. Since PATRP is funded by the USG, the use of vehicles must also comply with USAID procurement requirements. In general--

- South Africa--All staff are expected to provide their own transportation. For business use, they can be reimbursed per km.
- All Other Duty Posts--Default to be determined by the Transaction Advisor. Expatriates are encouraged not to drive for safety reasons. Transaction Advisors may decide that there should be hired project cars and drivers, through BDO.
- Persons who own/lease their own car and self-drive in Power Africa countries--If there is a project vehicle, then such lease is deemed primarily personal use, and they should be reimbursed on a per km basis for business trips (not commuting) at the Stipulated Rate. If there is no project vehicle, then their vehicle becomes de facto the project vehicle and the lease is reimbursable, with the person having to deduct cost per km of personal use (including commuting).

Annex 3 contains a memo on our personal vehicles policy.

1.5 Meetings

USAID Officials

- Transaction Advisors are to follow the communications protocols of the Mission they support.

Other USG Officials

- Transaction Advisors are to follow the communication protocols of the USG agency officials whom they will meet, but only with prior advance notice to and consent of the USAID Mission they support.

Host Government Officials

- Transaction Advisors are to follow the communication protocols of the host government officials whom they will meet, but only with prior advance notice to and consent of the USAID Mission they support.

Other Donor Agencies

- Transaction Advisors may meet with officials of other donor agencies, but only with prior advance notice to and consent of the USAID Mission they support.

Project Developers, Banks, & Other Private Interests

- Transaction Advisors may meet with project developers, banks, and other private interests, but only with advance notice to and consent of the USAID Mission they support.

1.6 Gifts & Entertainment

Gifts & Entertainment for Government Officials

Transaction Advisors are generally prohibited from giving gifts or paying for entertainment or travel for any government official. A government official may receive an unsolicited item of less than \$20 in value--such as a meal provided on-site to accommodate continuing business meetings or a standard USG Contractor promotional item. Further, items of value totaling no more than \$50 may be given by a Transaction Advisor to any single government official in a calendar year. Under certain conditions, government officials may also receive entertainment while in locations outside of the U.S. if provided in the course of a breakfast, lunch, or dinner meeting or conference event. The Contractor's Ethics Compliance Officer must be consulted when planning to make any gifts or provide entertainment to any Government official outside of these modest allowances. Tetra Tech's Ethics Compliance Officer is David Casella and Nexant's Ethics Compliance Officer is Allen Eisenberg. Transaction Advisors are generally prohibited from giving gifts or paying for entertainment or travel for any government official. A government official may receive an unsolicited item of less than \$20 in value--such as a meal provided on-site to accommodate continuing business meetings or a standard USG Contractor promotional item-- so long as items of value totaling no more than \$50 are given by a Transaction Advisor to any single government official in a calendar year. Under certain conditions, government officials may also receive entertainment while in locations outside of the U.S. if provided in the course of a breakfast, lunch, or dinner meeting or conference event. The Contractor's Ethics Compliance Officer must be consulted when planning to make any gifts or provide entertainment to any Government official outside of these modest allowances. Tetra Tech's Ethics Compliance Officer is David Casella and Nexant's Ethics Compliance Officer is Allen Eisenberg.

Gifts to Non-Governmental Officials

Prior to providing any gift with a value exceeding \$100 to an individual, all Transaction Advisors must consult the Contractor's Ethics Compliance Officer and obtain written approval. Similar prior authorization is required in the case of successive gifts to the same individual by a Transaction Advisor within a 6 month period that, in the aggregate, exceeds \$300.

In addition (i) cash or cash equivalent gifts are not allowed, (ii) the gift must be permitted under both local law and the guidelines of the recipient's employer, (iii) the gift should be presented openly with complete transparency, (iv) the gift should be provided as a token of esteem, courtesy, or in return for hospitality and should comport with local custom. Questions regarding the applicable local law should be directed to the Contractor's Ethics Compliance Officer before giving gifts.

Entertainment for Non-Governmental Officials

Prior to providing any entertainment with a value exceeding \$150 to an individual, all Transaction Advisors must consult the Contractor's Ethics Compliance Officer and obtain written approval. Similar prior authorization is required in the case of successive entertainment expenses to the same individual by a Transaction Advisor within a 6 month period that, in the aggregate, exceeds \$300. In addition (i) all entertainment expenses must be reasonable in value, (ii) the entertainment expenses must be permitted under both local law and the guidelines of the recipient's employer, (iii) the entertainment expense must be commensurate with local custom and practice, (iv) when possible,

the payment should be made directly by the Transaction Advisor to the provider of the service, and should not be paid directly to the recipient as a reimbursement, and (v) the entertainment expense must avoid the appearance of impropriety.

Please note that although the dollar limits determine which entertainment expenses require explicit prior authorization by the Contractor's Ethics Compliance Officer, the limits are not an authorization for a Transaction Advisor to spend up to such amounts on a routine basis for entertainment. As always, Transaction Advisors are expected to use reason when spending on entertainment and, if in doubt, Transaction Advisors must ask the Senior Transactions Advisor what is the appropriate amount to be spent on entertainment given the particular circumstances. All expenses, regardless of the amount, are always subject to approval.

Receiving Gifts or Other Items of Value

In addition to the Power Africa's policies regarding the appropriate giving of gifts, entertainment, travel, or other items of value, there are similar rules regarding what Transaction Advisors can accept. No cash or cash equivalent gifts may be accepted by a Transaction Advisor from any vendor of goods or services. Transaction Advisors should never request or solicit (directly or indirectly, for his or her benefit or for the benefit of another person), any gift, entertainment, travel or other item of value from parties with whom Power Africa does or seeks to do business.

However, Transaction Advisors may receive a nominal gift from a vendor as a token of esteem, courtesy, or in return for hospitality so long as the gift (i) is offered voluntarily, customarily, and infrequently, (ii) does not exceed \$100 in value, (iii) is permitted under both local law and the guidelines of the vendor, (iv) is presented openly and with complete transparency, and (v) does not create the appearance of impropriety. If a Transaction Advisor has questions on applicable local law, please consult the Contractor's Ethics Compliance Officer. If a Transaction Advisor receives a gift from a vendor with a value over \$100 and it is impractical to decline the gift, such Transaction Advisor must report it immediately to the Contractor's Ethics Compliance Officer who will determine the best course of action, consistent with the legitimate business interests of Power Africa and in compliance with applicable laws and regulations.

Transaction Advisors may receive entertainment from a vendor so long as such entertainment (i) is offered voluntarily, customarily, and infrequently, (ii) has a legitimate business purpose, (iii) is reasonable in value and does not exceed \$150 per event or \$300 in the aggregate to the same individual within a six month period, (iv) is permitted under both local law and the guidelines of the vendor, (v) is commensurate with local custom and practice, (vi) is paid directly by the vendor to the provider of the service and not paid in cash to the Transaction Advisor, and (vii) avoids the appearance of impropriety. If a Transaction Advisor receives entertainment from a vendor which goes beyond the \$150 and/or \$300 limit(s) and it is impractical to decline such hospitality, such Transaction Advisor must report it immediately to the Contractor's Ethics Compliance Officer who will determine the best course of action, consistent with the legitimate business interests of Power Africa and in compliance with applicable laws and regulations.

Payment or Receipt of Bribes

Transaction Advisors are not permitted to give or offer anything of value, directly or indirectly, to anyone, whether in government or commercial settings, for the purpose of improperly obtaining or retaining a business advantage. "Anything of value" is broadly interpreted to include cash, gifts to family members, forgiveness of a debt, loans, personal favors, entertainment, meals and travel, political and charitable contributions, business opportunities, and medical care. The term "payment" is interpreted throughout this policy to mean "anything of value". Simply put, bribes, kickbacks, or similar payments are never permitted, whether made to a Government official, service providers,

business associates, or other private parties. Similarly, Transaction Advisors may not solicit or accept such payments.

Despite being legal in some countries, facilitation payments can often be a common form of bribery. “Facilitating” or “grease” payments are typically small value payments to low-level government officials to secure or expedite routine or necessary government actions to which the payer has legal or other entitlement, such as providing electrical or phone services. Therefore, Transaction Advisors are prohibited from making facilitation payments in any form, whether offered to a recipient or demanded by one.

Payments made as a result of solicitation and extortion are prohibited under this policy. Solicitation is the request for a bribe which may rise to the level of extortion when it becomes a demand with a threatened consequence. Corruption in the form of solicitation and extortion may include a person approaching a Transaction Advisor to solicit payment in exchange for confidential information that would benefit a company in a bidding process. Another situation may involve a demand for payment of an unofficial surcharge or fee in order for a company to obtain permitting from the local government. In a third scenario, a company may request a legitimate modification in pricing terms due to a necessary change in the scope of work and the customer’s contract manager refuses to sign unless the company first makes a payment to the contract manager.

If confronted with a request or demand for an improper payment, it must be immediately rejected and reported to the Contractor’s Ethics Compliance Officer. Similarly, if any Transaction Advisor knows or believes that an improper payment has been or will be made, or that any other violation of this policy has occurred, such violation must be reported immediately to the Contractor’s Ethics Compliance Officer. Anonymous reports are permitted, and it is Power Africa’s strict policy that no adverse employment action will be taken against any Transaction Advisor in retaliation for reporting in good faith a violation or suspected violation of anti-corruption laws or this Policy.

Kickbacks

In compliance with the Anti-Kickback Act of 1986, Power Africa prohibits a Transaction Advisor providing, attempting to provide or offering to provide, or soliciting, accepting, or attempting to accept any kickback from a vendor, client or contractor/sub-contractor. A kickback is defined as “any money, fee, commission, credit, gift, gratuity, thing of value, or compensation of any kind which is provided, indirectly or directly, to any Transaction Advisor for the purpose of improperly obtaining or rewarding favorable treatment in connection with a contract or in connection with a subcontract relating to a contract.” Violations of this policy may result in disciplinary action up to and including possible termination of employment.

Transaction Advisors may not receive any travel from a vendor without the prior written approval of the Contractor’s Ethics Compliance Officer. Transaction Advisors are responsible for regularly updating the Senior Transactions Advisor about the frequency and nature of gifts, entertainment, and other items of value given or paid for by outside parties, even if properly received under this policy.

Anti-Money Laundering Policy

In instances of corruption, money laundering activity may accompany the corrupt conduct in an attempt to disguise the illegal source of cash proceeds. Money laundering laws prohibit both transactions used for the purpose of concealing the illicit origin of proceeds derived from unlawful activity and the use of legitimate funds to finance terrorism or other crimes (reverse money laundering).

Transaction Advisors must comply with all applicable anti-money laundering laws, including all applicable financial recordkeeping and reporting requirements of the U.S. Currency and Foreign Transaction Reporting Act of 1970, as amended, the U.S. Money Laundering Control Act of 1986, as amended, all money laundering-related laws of other jurisdictions where Power Africa conducts business or owns assets, and any related or similar law issued, administered, or enforced by any government authority. Power Africa will only do business with parties involved in legitimate business activities and whose funds are derived from legitimate sources.

Transaction Advisors are required to abide by the following rules concerning acceptable forms of payment, *i.e.*, (i) not accepting cash payments or money order payments without prior clearance from the Contractor's Ethics Compliance Officer, (ii) avoiding unusually complex payment structures and unusually favorable business terms, and (iii) ensuring clear, well-documented transactions. In addition, Transaction Advisors must immediately report to the Contractor's Ethics Compliance Officer any knowledge or reasonable grounds for suspicion that money laundering activity is taking place.

1.7 Confidentiality Agreements

Transaction Advisors need to obtain certain confidential information from project developers and other third parties to properly do their work. It is not unusual for those third parties to require a Transaction Advisor (*i.e.*, his/her authorized employer--David Keith of Tetra Tech or Matthew Mendis of Nexant) to sign a Confidentiality Agreement (CA) before that third party shares its confidential information with that Transaction Advisor. We do, however, need to be certain that any CA allows the Transaction Advisor to share such information as necessary with the US government (e.g., USAID). All CAs also must require the third party disclosing such information to mark it as confidential information.

If the Contractor wishes to include such confidential information in a report to the U.S. Government, the Contractor must mark the report with a restrictive legend on the cover page, and each page that includes confidential information also must refer to that legend on the cover page. The legend should state the following--"This report includes data that was provided to the Contractor under the terms of a Non-Disclosure Agreement. The report shall not be disclosed outside the US Government and shall not be duplicated, used, or disclosed--in whole or in part--for any purpose other than -----". This restriction does not limit the US Government's right to use information contained in this data if it is obtained from another source without restriction. The data subject to this restriction are contained in pages [insert numbers or other identification of sheets]." In addition, each page that includes confidential information also must refer to that legend on the cover page as follows--"Use or disclosure of data contained on this sheet is subject to the restriction on the title page of this report."

The Contractor must inform the third party who has disclosed such information to it that we are going to do so, and take any objection under consideration with the advice and consent of Nexant's legal counsel. We have developed a standard form CA that the Transaction Advisors can use. The language that permits us to disclose confidential information to USAID is as follows--

"Notwithstanding the foregoing, the Receiving Party may disclose Confidential Information to any US judicial, governmental or regulatory authority requiring such disclosure provided that the Receiving Party notifies the Disclosing Party promptly of the required disclosure and provides the Disclosing Party an opportunity to participate in the endeavor to obtain a protective order."

Annex 4 contains the form of CA.

If the third party disclosing such information requires us to use its own form of CA, the Transaction Advisor must submit it to Tetra Tech's or Nexant's legal department for review prior to signing it to verify that this appropriate US Government sharing language is contained in it.

1.8 Weekly Reports

- Transaction Advisors are required to submit Weekly Reports to the Senior Transaction Advisor and the COP by noon Pretoria time each Friday.
- **Annex 5** contains the Weekly Report Template.

1.9 Performance Metrics

Each Transaction Advisor must develop annual performance metrics covering Power Africa's overarching goals, *i.e.*, the transactions he/she is working on, the MWs to be generated, transmitted, or distributed, level of financing leveraged, number of connections established, expected date for financial close, etc.

Using the PowerPoint slide captioned "Classifying Transactions by 4 Stages of Development" (**Annex 6**) as a guide--which provides an outline of the roadmap / tasks one would normally expect to see in a power generation project as it moves from its Pre-Feasibility stage all the way to Financial Close and Commercial Operations Date--each Transaction Advisor must review each of the priority transactions he/she is responsible for (according to the PowerPoint document captioned "Priority Transactions Slide Deck") and indicate how mature each transaction is according to the Development Stages document. Then each Transaction Advisor must indicate in specific detail what more he/she expects to accomplish with that transaction in the next 12 months in a 1-2 page document that will serve as that Transaction Advisor's actual Performance Metrics. It is expected that Performance Metrics will be updated each quarter or more frequently as necessary.

4. Transaction & Activities Definitions

Background

The US Government's (USG) Power Africa Initiative has shifted the typical/historic development paradigm away from **Activities**--capacity building programs primarily funded and managed by Donor Agencies--to **Transactions**—primarily driven by a Transaction's 5 main stakeholders--Developers/Sponsors, Private Equity/Debt Providers, Development Finance Institutions (DFIs), Host Governments, and Donor Agencies--that focus primarily on attracting private capital into specific commercially, technically, and financially viable power sector investments. Thus Power Africa primarily provides a Transaction's 5 main stakeholders with a focal point to galvanize collaboration around new electricity generation, transmission, and distribution Transactions--with a focus on involving private sector participation and finance--helping to bring Transactions to Financial Close and Online in an expedited time frame. Power Africa support includes **USG Agencies** and **Power Africa Partners**.

Basic Definitions

- A **Transaction** is a specific technically, commercially, and financially viable power sector investment--generally driven by private developers/sponsors--in which capital investment is required to bring a specific generation, transmission, and/or distribution asset to Financial Close and ultimately Online.
- An **Activity** is a package of technical assistance or other tools that are provided to build capacity, eliminate or lessen an obstacle or risk, etc. in order to improve the power sector enabling environment (*e.g.*, legal, regulatory, financial, tax, etc. regime) to make it more attractive to bring Transactions to Financial Close and ultimately Online.
- **Financial Close** refers to an event in the life of a Transaction where developers/sponsors have concluded with lenders a complete package of permanent financing on a nonrecourse, limited recourse, or balance sheet basis.
 - **Dry** Financial Close is when the developers/sponsors have concluded with the project lenders a complete package of permanent financing arrangements, but one or more conditions precedent (CPs) to the initial drawdown of funds must still be either satisfied by the developers/sponsors or waived by the banks.
 - **Wet** Financial Close is when each CP to the initial drawdown of funds has either been satisfied by the developers/sponsors or waived by the banks and the developers/sponsors are in a position to draw down on the financing being made available.
- **Online** means all required Transaction completion tests have been met (*e.g.*, legal, technical, operational, financial, etc.), and power is actually being delivered and sales commenced. This is also commonly referred to as the Commercial Operations Date (COD).
- The **USG Agencies** include, but are not limited to:
 - Export-Import Bank of the United States (US Ex-Im)
 - Millennium Challenge Corporation (MCC)
 - Overseas Private Investment Corporation (OPIC)
 - US African Development Foundation (USADF)
 - US Agency for International Development (USAID)
 - US Army Corps of Engineers (USACE)
 - US Department of Agriculture (Agriculture)
 - US Department of Commerce (Commerce)
 - US Department of Defense (Defense)
 - US Department of Energy (DOE)
 - US Department of State (State)
 - US Department of the Treasury (Treasury)

- US Peace Corps (Peace Corps)
- US Trade & Development Agency (USTDA)
- **Power Africa Partners** are:
 - **Developers/Sponsors**--Private developers, sponsors, and other organizations that have committed resources to Transactions and have gone through Power Africa's review and approval process—*e.g.*, GE, Aldwych International, etc.
 - **Private Equity/Debt Providers**--Private PE funds, banks, financial institutions, and other organizations that have committed resources to a Transaction and have gone through Power Africa's review and approval process—*e.g.*, Berkeley, Standard Bank, etc.
 - **Engineering, Procurement, & Construction (EPC) Firms**--Private companies that have committed resources (*i.e.*, engineering design, materials procurement, and construction services to build a functioning power facility/asset) and have gone through Power Africa's review and approval process—*e.g.*, Iberdrola, Jacobsen, Group 5, etc.
 - **Operations & Maintenance (O&M) Service Providers**--Private companies that have committed resources (*e.g.*, plant maintenance, facility management, operations support, asset performance improvement, operations readiness, start-up and commissioning, and small capital project design and construction) to maintain and repair the power facility/asset so that it remains in good working condition (subject to normal wear and tear) and have gone through Power Africa's review and approval process—*e.g.*, Fluor, Eranove, Belectric, Mainstream Renewable Power, etc.
 - **Equipment Suppliers**--Private power equipment manufacturers, distributors/deliverers, and installers that have committed resources to a Transaction and have gone through Power Africa's review and approval process—*e.g.*, GE, Cummins, Schneider Electric, etc.
 - **Transmission & Distribution Companies**--Private grid and off-grid companies that have committed resources (*e.g.*, the transfer of power to electrical substations (near demand/load centers) and/or directly to consumers) and have gone through Power Africa's review and approval process—*e.g.*, Copperbelt Energy Corporation, Tata Group, Aydem Elektrik, etc.
 - **Development Financial Institutions (DFIs)**--Multilateral, bilateral institutions, or governments that have made written financial commitments to Transactions where strategies are mutually aligned with Power Africa's goals--*i.e.*, the World Bank, the IFC, the African Development Bank (AfDB) on a geothermal strategy, the "Sustainable Energy for Africa" fund in which USAID has invested resources, the "Beyond the Grid" strategy, etc.
 - **Donor Agencies**--Bilateral donor agencies that have committed resources to Power Africa—*e.g.*, the US\$ 1 billion commitment made by the Swedish government, etc.
 - **Associations, Foundations, & Non-Profit Organizations**--Entities that have committed resources to support companies and/or various types of events, programs, and technical assistance training to further Power Africa's goals and have gone through Power Africa's review and approval process.
 - **Endorsements**--Before identifying any Transaction as one from a Power Africa Partner, the USG Power Africa team will ensure that this Partner endorses such a designation.

Transactions--Further Defined

- **Catalytic & Replicable**--Transactions that Power Africa focuses on generally are catalytic or highly-replicable in order to establish best practices, frameworks, and reforms that would help realize more completed Transactions in the country or region.

- **Private Sector Transactions**--Power Africa's primary objective is to advance private sector participation and investment.
 - **Public Sector Transactions**--May also be considered for Power Africa support if they (i) demonstrate technical, financial, and commercial viability, (ii) have a strong development impact, and/or (iii) contribute to the sector's development thereby paving the way for greater private engagement in the future (*e.g.*, encouraging new companies to invest in a country).
- **Project Maturity**
 - **Early-Stage Transactions**--Transactions that are in the early stages of development, normally in Stage 1 (Pre-Feasibility & Feasibility) or in Stage 2 (Project Development)
 - **Late Stage Transactions**--Transactions that are in advanced stages of development, normally in Stage 3 (Project Structuring & Project Financing), or Stage 4 (Project Construction & Completion) where the major Transaction agreements have been drafted or are under discussion and Financial Close and construction is estimated within a 12-36 month period from the beginning of Power Africa assistance.
- **Qualified Transactions**—All power projects in sub-Saharan Africa (excluding (i) coal-fired power plants or coal gasification power sector investments, and (ii) nuclear power sector investments) that have a reasonable likelihood of being completed in the future. A Transaction must be a specific--
 - Generation, transmission, distribution, or energy efficiency investment.
 - Renewable power investment--wind, solar, hydro, geothermal, biomass, or tidal.
 - Investment that increases access to electricity including mini grids and rural electrification.
 - Natural Gas power investment, for example--
 - Associated gas, or non-associated gas or liquefied natural gas (LNG) in combined-cycle configuration, or fuel cell.
 - Gas pipeline and associated infrastructure investment.
 - Capturing of associated gas and reduction of gas flaring investment.
 - Gas investments that will eventually support gas-fired power generation.
 - Fuel Cell power investment, *i.e.*, one that uses the chemical energy of hydrogen or another fuel to cleanly and efficiently produce electricity.
- **USG Power Africa Transactions** are Qualified Transactions--
 - Where one or more USG Agency has substantive involvement (*e.g.*, technical assistance, grant, financing, political support, advocacy, etc.) in a Qualified Transaction. Examples of assistance include but are not limited to--
 - USTDA provides financing for a feasibility/market/technical analysis of a Qualified Transaction, the commercial viability of which has been proven and its developers/sponsors have committed capital so that it may proceed.
 - OPIC or US Ex-Im provides financing products, including loans/guarantees/insurance, for a Qualified Transaction.
 - USAID provides technical assistance to a government that is addressing power sector enabling environment issues related to a specific Qualified Transaction via a PATRP contractor (*e.g.*, Tetra Tech, Nexant, BDO, etc.), even if there is no other USG financial involvement (USTDA, OPIC, US Ex-Im, etc.).
 - USAID, State, Commerce, or others are involved in some form in assisting to remove obstacles to bringing a Transaction to Financial Close (*e.g.*, advocacy, etc.). Such assistance may or may not include Power Africa Partners and may be anywhere in sub-Saharan Africa.
 - ACEF, USADF, etc. provide grants to Qualified Transactions to demonstrate their technical and financial feasibility.

- **Partner Power Africa Transactions** are Qualified Transactions—
 - Where a Power Africa Partner has invested/is investing capital, services, or equipment to a Qualified Transaction—with or without any involvement on the part of one or more of the USG agencies involved in Power Africa, and
 - Where such Power Africa Partner is willing to give credit to Power Africa as a Transaction and where Power Africa consents to the branding of the Transaction as a Power Africa Partner Transaction.

Activities--Further Defined

- **USG-Supported Activities** are where--
 - A USG agency is providing services to developers/sponsors, banks, or host governments, that are not directly related to a specific Qualified Transaction, but that improves the enabling environment for power infrastructure investment to occur.
- **Partner-Supported Activities** are where--
 - A Power Africa Partner is providing services to developers/sponsors, banks, or host governments that are not directly related to a specific Transaction, but that improve the power sector enabling environment.
 - For example, Power Africa Partners who are developers, sponsors, equipment suppliers, engineering, legal or advisory firms would work to support an industry (e.g., wind, solar, geothermal, biomass, etc.), which leads to market openness and the possibility to facilitate Qualified Transactions.

Communicating Power Africa Transactions & Activities

For communications, relationship, and outreach purposes, certain USG Power Africa Transactions and Partner Power Africa Transactions and/or Activities can and should be designated and broadcast as associated with Power Africa or labeled as a “Power Africa Transaction” and/or a “Power Africa Activity”. *On a case-by-case basis*, Transactions and Activities that could be considered and advertised as “Power Africa Transactions” and “Power Africa Activities” should include--

- Transactions that are--
 - Listed on the Power Africa Transaction Tracker (PATT) as a Qualified Transaction. (Note-- this does not necessarily mean that a Transaction is actually receiving assistance from a USG Agency or a Power Africa Partner, but it does mean that a Transaction would be given all due consideration for potential assistance.)
 - Listed by a Power Africa Partner as part of that Partner’s Power Africa commitments in terms of incremental MWs, increased financial assistance, additional access points/connections, and/or increased efficiency/reliability, etc.
- Activities that are—
 - Impacted by Power Africa enabling environment assistance and both the Coordinator and the Power Africa Partner agree with that causality.

5. Upgrading & Downgrading USG PA Transactions & Partner PA Transactions

Background

Power Africa also has developed definitions of what constitutes a **Qualified Transaction**, a **USG Power Africa Transaction**, and a **Partner Power Africa Transaction**. (For complete definitions of these terms please refer to the Memorandum captioned “Power Africa Transactions & Activities—Definitions”). In summary—

- **Qualified Transactions** are all power projects in sub-Saharan Africa, except (i) coal-fired power plants or coal gasification power sector investments, and (ii) nuclear power sector investments.
- **USG Power Africa Transactions** are Qualified Transactions where some form of tangible assistance from one or more USG agencies involved in Power Africa is being or has been directly provided to a Qualified Transaction.
- **Partner Power Africa Transactions** are Qualified Transactions (i) where a Power Africa Partner has invested/is investing capital, services, or equipment to a Qualified Transaction--with or without any involvement on the part of one or more USG Agencies involved in Power Africa, and (ii) where such Power Africa Partner is willing to give credit to Power Africa as a Qualified Transaction, with the consent of Power Africa.

Identifying Qualified Transactions for USG or Partner Power Africa assistance means analyzing a large number of diverse power projects, which can be difficult and time consuming if attempted without a rigorous methodology. Some Qualified Transactions that will be analyzed will be determined to be perfectly sound power projects, but they might not meet one or more of the criteria required by Power Africa to be considered and entitled to USG and/or Partner Power Africa assistance. Qualified Transactions may also be excluded from the PATT (described below) if the project likely will not be viable, if the timeframe does not warrant active tracking, or if the project does not stand to benefit a significant number of people or businesses

Power Africa Transactions Tracker (PATT)

The Power Africa Transactions Tracker (PATT) attempts to capture all Qualified Transactions, with a particular focus on USG Power Africa Transactions and Partner Power Africa Transactions. It also identifies the particular type of Power Africa Partners (*e.g.*, developers/sponsors, private equity/debt providers, etc.) and the assistance being provided.

The PATT is not meant to be static--rather it is a flexible, living, electronic database that reflects changing priorities and opportunities, given unforeseeable circumstances and/or bottlenecks outside of USG influence. Thus, certain Qualified Transactions in the PATT should be upgraded as USG Power Africa Transactions and Partner Power Africa Transactions. Conversely, certain USG Power Africa Transactions and Partner Power Africa Transactions should be downgraded to Qualified Transaction status due to unresolvable constraints, temporary or otherwise. And as new Qualified Transactions emerge, Power Africa may shift its focus to supporting these new Qualified Transactions as USG Power Africa Transactions or Partner Power Africa Transactions.

Qualified Transactions Assistance Tool (QTAT)

The Qualified Transactions Assistance Tool (QTAT) (attached) is a detailed checklist used to assess whether a Qualified Transaction in the PATT would qualify as a USG Power Africa Transaction or Partner Power Africa Transaction. It is designed to reduce the complexity in the upgrading process by making key selection factors easily visible so that the potential trade-offs based on the results of the assessments can be identified and analyzed. Thus, by filtering the Qualified Transactions in the PATT to establish a list of USG Power Africa Transactions and Partner Power Africa Transactions, the

QTAT assists in identifying high-priority, transformative, replicable Qualified Transactions with broad-ranging local and regional impact, for Power Africa assistance.

A good Qualified Transaction candidate for assistance also is one that is at a stage where it has generated sufficient achievements to inspire confidence (or soon can) that it will reach Financial Close and, ultimately, result in incremental MWs, increased financial assistance, additional access points/connections, and/or increased efficiency/reliability. In determining whether a Qualified Transaction is a possible candidate for assistance, it is important to consider the Transaction's readiness vs. its value. This analysis weighs the trade-offs between the costs of supporting a Qualified Transaction versus the programmatic, financial, and quantitative value of the completed Qualified Transaction. For example, a Qualified Transaction yielding modest benefits may be very attractive if it can be undertaken quickly and cheaply, while a high-impact Qualified Transaction may come with difficulties (and cost) far in excess of its ultimate value. Thus, candidates for assistance must show a good balance between the difficulty of completing the Qualified Transaction and its likely benefits. An important factor will be the potential for a Qualified Transaction to reach bankability, financial closure, and commercial operation.

Upgrading Qualified Transactions to USG Power Africa Transactions & Partner Power Africa Transactions

The Coordinator's Office determines that--

- A Transaction Advisor, a USG embassy, or a USG Agency (including the Coordinator's Office) has or will be providing support such as technical assistance, a grant, or financing.
- The Transaction Advisor, a USG embassy, or a USG Agency has been informed by a Power Africa Partner of a Qualified Transaction for which that they may need assistance, and they have provided a level of detail sufficient to document the Qualified Transaction's parameters.
- A Power Africa Activity's enabling environment improvement has been realized, unblocking an obstacle to the implementation of a Qualified Transaction.

Downgrading USG Power Africa Transactions & Partner Power Africa Transactions to Qualified Transactions

The Coordinator's Office determines that--

- A USG Power Africa Transaction or a Partner Power Africa Transaction likely will not advance to the point of obtaining a Power Purchase Agreement (PPA), Implementation Agreement (IA), or other critical Transaction document.
- A USG Power Africa Transaction or Partner Power Africa Transaction is not financially viable and likely never will reach financial close.
- A USG Power Africa Transaction or Partner Power Africa Transaction is no longer feasible for technical, environmental, social, operational, or legal reasons.

Developing the Pipeline of Qualified Transactions, USG Power Africa Transactions, and Partner Power Africa Transactions

The process for developing the pipeline of Qualified Transactions, USG Power Africa Transactions, and Partner Power Africa Transactions needs to be driven primarily from the field (*i.e.*, Transaction Advisors, USG embassies, and USG Agencies), as they tend to be in the best position to identify new potential Qualified Transactions, as well as Qualified Transactions that should be upgraded as USG Power Africa Transactions or Partner Power Africa Transactions, as well as any obstacles that might cause a USG Power Africa Transaction or Partner Power Africa Transaction to be delayed or cancelled.

A Qualified Transaction becomes a USG Power Africa Transaction if--

- The Qualified Transaction already is receiving Power Africa assistance from a USG Agency, or
- The Transaction Advisor—
 - Screens the Qualified Transaction through the QTAT,
 - Makes a recommendation (in writing) that it might benefit from USG assistance, and
 - It has received approval for such designation by the respective USG embassy, from the Coordinator's Office, or from the USG Agency that will likely be providing such assistance.

A Qualified Transaction becomes a Partner Power Africa Transaction if—

- The Partner lists its Qualified Transaction as part of that Partner's Power Africa commitments in terms of MWs, financial support, access points, connections, etc., and
- The Coordinator's Office consents to such designation.

Transaction Updating Process

At the end of each week the Transaction Advisors, collaborating with their operating USG embassies (and/or other USG Agencies), will update the Qualified Transactions, USG Power Africa Transactions, and Partner Power Africa Transactions in the PATT in their country or region, including any relevant new data. Decisions also will be made about upgrading and downgrading Qualified Transactions, USG Power Africa Transactions, and Partner Power Africa Transactions.